



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Jim Gibbons, Governor

Allen Biaggi, Director

Leo M. Drozdoff, P.E., Administrator

May 23, 2008

Notice of Decision

Water Pollution Control Permit
Number NEV2007105

Firstgold Corporation

Relief Canyon #2

The Nevada Division of Environmental Protection (Division) has decided to approve issuance of Water Pollution Control Permit NEV2007105, to Firstgold Corporation for the Relief Canyon #2 Project. This permit authorizes the construction, operation, and closure of approved beneficiation facilities in Pershing County. The Division has been provided with sufficient information, in accordance with Nevada Administrative Code (NAC) 445A.350 through NAC 445A.447, to assure that the groundwater quality will not be degraded by this operation, and that public safety and health will be protected.

The modified permit will become effective June 7, 2008. The final determination of the Administrator may be appealed to the State Environmental Commission pursuant to Nevada Revised Statute (NRS) 445A.605 and NAC 445A.407. All requests for appeals must be filed by 5:00 PM, June 2, 2008, on Form 3, with the State Environmental Commission, 901 S. Stewart Street, Room 4001, Carson City, Nevada 897016-5249. For more information, contact Paul Eckert directly at (775) 687-9401, toll free in Nevada at (800) 992-0900, extension 4670, or visit the Division website at: <http://ndep.nv.gov/bmrr/bmrr01.htm>.

One comment letter was received during the public comment period. The comment letter, dated May 1, 2008, was received from John Hadder, Staff Chemist for Great Basin Resource Watch. Division responses to the received comment, and the revised Permit and Fact Sheet, are attached to this Notice of Decision.

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NDEP Response to Great Basin Resource Watch (GBRW) Comment Letter dated May 1, 2008 from John Hadder to Paul Eckart (sic) NDEP-BMRR.

Comment 1: "We are concerned regarding the stability of the owners of this mine in its reopening as to whether they will follow through on the existing Administrative Order of consent from May 24, 2005."

Response: All construction associated with the Administrative Order of Consent (AOC) dated May 24, 2005 was completed in December of 2006. Permittee was released from the AOC in Division letter dated April 5, 2007 after posting appropriate bond.

Comment 2: "The Fact Sheet states, "Efforts to encapsulate and re-vegetate areas above solution releases from November of 2006 and are *scheduled to be completed prior to restarting operations* [emphasis added]." Especially given the history of this mine and the previous activities of the owners, the action stated above should be completed before the permit is issued."

Response: The encapsulation and re-vegetation of the areas above solution releases of November 2006 were completed in March 2008 and verified during Division inspection on March 18, 2008.

Comment 3: "The permit also indicates a number of monitoring wells to be sampled quarterly and analyzed for Profile I constituents: MW-05-1 through MW-05-10, MW-06-1, MW-07-1 through MW-07-3. In reviewing the permit application and design report¹ only one well, MW-05-1, was drilled to water. Thus, there is no water quality data on the other wells. The Nevada Division of Environmental Protection (NDEP) must require that Firstgold drill all the monitoring wells to water so that meaningful sampling and analysis can be done."

Response: The MW-05-xx series of wells were designed to monitor components from the previous operation as part of the May 2005 AOC and, with the exception of MW-05-1, were deliberately drilled within the vadose zone. Wells MW-05-2 and MW-05-5 were designed to report solution if there are releases from the west overflow pond. Well MW-05-3 will do the same for the process building, and wells MW-05-4 and -6 will report solution if releases occur from the east overflow pond. Wells MW-05-7, -8, -9, and -10 will report solution if releases occur from the secondary containment channel along the west side of the existing heap leach pads.

Wells MW-07-1, -2, and -3 are new wells that will be drilled to the shallow aquifer plus 20' to verify depth to water in these areas and to provide monitoring of that aquifer in the areas down-gradient of the new heap leach pads.

MW-05-1 is in position to provide down-gradient monitoring of the shallow aquifer for the process area. However, it has become apparent that the well is not deep enough into the static water table of that aquifer to provide reliable samples. Permittee has agreed to drill a companion well alongside MW-05-1 to groundwater plus 20' (shallow aquifer). Initially, samples will be taken from both wells and compared. After 4 quarters of complete monitoring, Permittee may propose to remove MW-05-1 from the monitoring program and use only the new well in this area.

Permittee has agreed to add two additional wells to the monitoring program. One will be located approximately 140' east of the new heap leach pad location to provide up-gradient

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monitoring of the shallow aquifer. The second will be located at the southwest corner of the fenced property and will be drilled to the deep aquifer to provide down-gradient monitoring of that water.

All 6 new wells will be completed and sampled prior to the introduction of process solution into the system.

Comment 4: "Well, MW-05-1, on the site had groundwater 45 feet below ground surface. The site appears to be on an alluvial fan, which has high conductivity soils. Any spills or leaks will rapidly reach the groundwater. Better monitoring is necessary. NDEP should require at least a dozen new groundwater monitoring wells above and below the site."

Response: *See response to Comment 3 above.*

Comment 5: "Based on the chemistry observed at MW-05-1, some constituents have unnaturally high concentrations. These include iron, manganese, nickel, thallium and aluminum; arsenic also had one exceedance. The variability of these constituents with time, shown in Table 2 of the application, demonstrates there is an ephemeral or seasonal source."

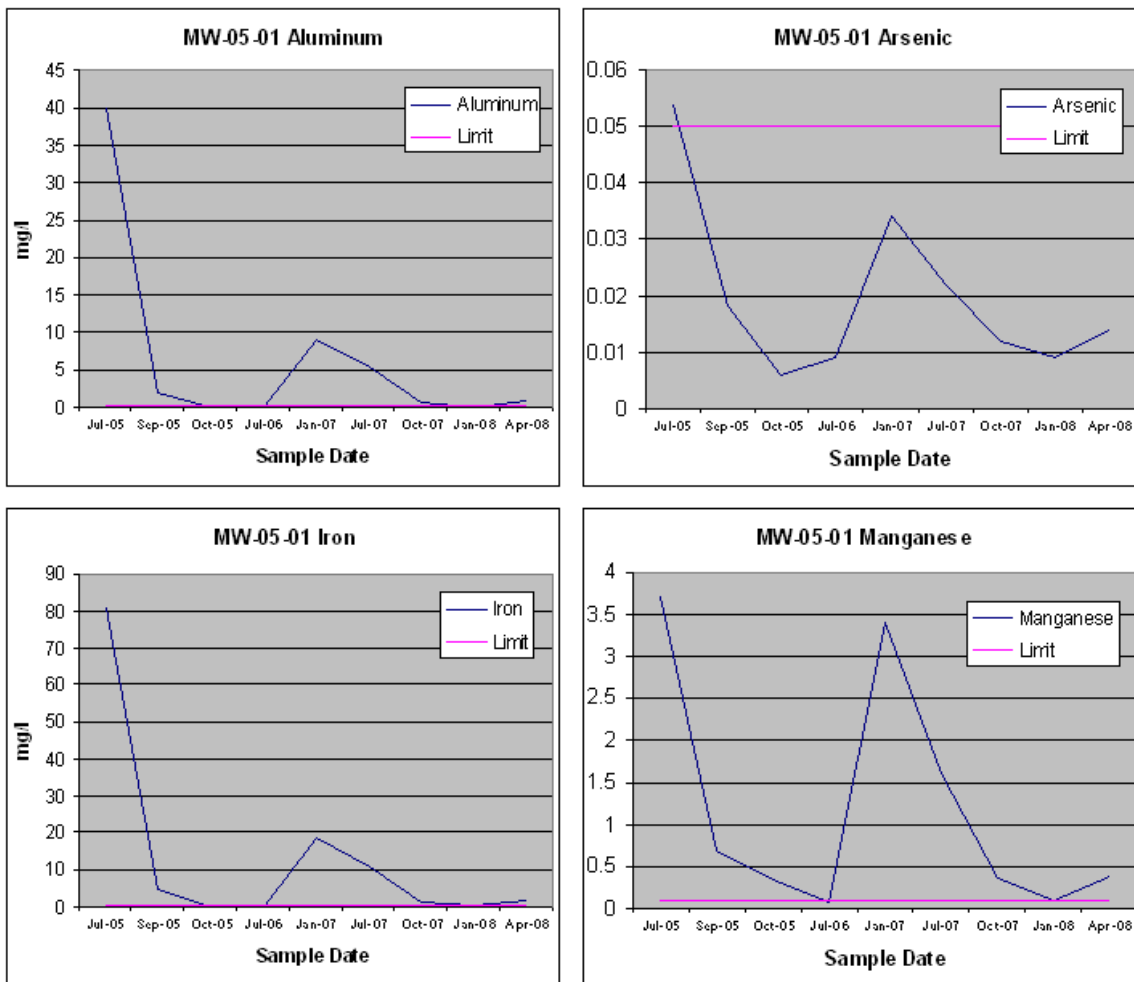
Response: *First, a clarification. Table 3 on page 12 of the application document contains several typographical errors in the column for July 2005 which have since been corrected after checking the lab reports for this analysis. Among the corrections are the values for nickel, which was 0.072 mg/l (shown erroneously as 0.27 mg/l), and for thallium <0.001 mg/l (shown erroneously as 0.2 mg/l). With these revised values, there is no exceedance for either nickel or thallium.*

Second, it has recently been determined that Permittee has been submitting unfiltered water samples to a Nevada certified laboratory for analysis. The presence of suspended solids may have resulted in elevated constituent concentrations (the Profile I limits are based on dissolved constituents only). Permittee has also encountered difficulty in purging well MW-05-1 to obtain representative samples. These two factors may have contributed to sample variability.

The charts below show the history of sampling for all 9 analyses conducted for MW-05-1. The high degree of variability between the samples is clearly evident. These fluctuations do not match any observed variability in heap draindown volume or chemistry, nor do they contain any tracer constituent to indicate that they are related to process solution, which has not been applied to the site for a number of years.

Permittee has agreed to develop a sampling procedure to resolve these issues. The Division will be monitoring the results of upcoming sample analyses to verify that the issue has been properly addressed. In addition, and as noted in the Division response to Comment 3 above, an additional well will be added upgradient of the site to establish background water quality more definitively.

Charts of Analysis Results for MW-05-1: Al, As, Fe, Mn
(Comment 5)



Comment 6: "On page 13 of the application there is an interpretation that groundwater levels and gradients are based on previous exploration wells. If this information is anything more than guesses and memories, it should be provided in a map. If it just guesswork, it should not be included in the application."

Response: See response to Comment 3 above. The wells yet to be drilled will be used to validate the depth to groundwater. In addition, the five condemnation holes under the new heap leach pads will confirm the depth in this area.